

No. 12,484

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

AMERICAN AUTOMOBILE INSURANCE COMPANY and
AMERICAN AUTOMOBILE FIRE INSURANCE COMPANY,
Appellants,

vs.

AMERICAN AUTO CLUB,

Appellee.

APPELLANTS' REPLY BRIEF.

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I.

The Potential Injury to Appellants Cannot Be Prevented by the Claimed Intervention of "Experts."

We believe that the injustice of the decision (and its underlying fallacy) may be seen in the nature of the arguments required in its support. For that reason we sincerely trust that the opposing brief will be accorded even more than the ordinary careful scrutiny and analysis.

It should be noted that the appellants have nothing to gain by prevailing in this action other than the protection of that which they already have, a good name established by 38 years of ethical practice. They have acted without delay. Immediately upon the announcement of respondent's intention to commence a business which would

result in placarding an unknown number of automobiles upon the public streets with emblems bearing, with the word "Club" appended, the name by which these appellants and no one else are known in the automobile service field, appellants protested. Respondent is in no position to claim and does not claim that it was unaware of appellants' existence. A mere reference to the local Los Angeles telephone directory would have revealed the fact that appellants are listed as American Auto Insurance Company. Respondent had actual knowledge of appellants. [Tr. 244.] The record does not show why respondent is not willing to commence its new business under the name of American Motor Club. The law, as established by a myriad of cases protecting the secondary meaning of established names from unfair competition by newcomers under similar names, is dominated by the thought that a newcomer, who has an infinity of names to choose from, should not be permitted to infringe upon the rights of a senior appropriator by making confusion possible. This Court has stated that this thought runs through the decisions "like a *leit motiv*." (App. Op. Br. 17.) The respondent's argument may be fairly epitomized by the statements that (1) no appreciable percentage of the public is aware of appellants either by the name American Auto or by any other name, and (2) that the bulk of appellants' policy sales are made through presumably ethical insurance agents and brokers who qualify as experts and who, including respondent, we are asked to assume, would always be jealous to protect appellants' rights. We respectfully submit that these contentions are baseless, that for the first no pretense of support in the authorities can be made, and that the second has only the superficial appearance of support.

The contention that protection will not be afforded unless the petitioner or his product is known to a substantial percentage of the public implies that only the notorious may successfully appeal to equity. We respectfully submit that the producer of a product or a service which appeals to only 500 persons in a single locality is as entitled to protection against unfair competition as is a manufacturer known the country over. No suggestion to the contrary has been found in any adjudicated case and it is doubtful if respondent will subscribe to such a proposition when it is thus baldly stated.

The second contention, that the intervention of "experts" insulates the harm, is not only without authority as an abstract proposition but, when applied to the facts of this case, involves a downright absurdity. In the first place the so-called experts can at most, only intervene between appellants and the public at one point of contact—in the sale of policies. No such intervention can occur in the establishment or protection of appellants' claim policy. As stated in appellants' opening brief, appellants had 23,258 paid claimants in Southern California alone, in the year 1947 alone, and these claimants received the sum of \$1,474,340. It is admitted by respondent that it intends to provide a "claim adjustment service." Insurance companies sin and are sinned against but there are insurance companies which are prideful of fair dealing. As appellants' vice president testified: "A claim service of any company is all-important in that respect" referring to the effect upon its business of a company's reputation with claimants and assureds. [Tr. 83.] He also testified that "We have tried to maintain the best possible claims service and that best service that we can render in all our other departments, engineering, underwriting, etc." [Tr.

81-82.] It was stipulated that this answer might be stricken upon an objection by respondent's counsel and a statement of the Court that the size and growth of appellants' business made such proof a "waste of time." [Tr. 82.] No suggestion to the contrary was made by respondent, direct or indirect. One of the admitted proposed activities of respondent is such as to place it beyond appellants' power, to some extent at least, to control its reputation for the settlement of claims. It is inevitable that among the thousands of persons who now and will hereafter know appellants as American Auto there will be some who will attribute to it any treatment received at the hands of respondent, as the American Auto Club, whether neglectful, unfair or otherwise. Let us suppose that the policy of respondent *or of the companies through which it directly or indirectly places insurance* is radically contrary to that of appellants. Is not a proportionate damage to appellants' reputation with some of an unknown number of future claims not only reasonably foreseeable but inevitable? But beyond all this the facts of the present case involve extraordinary opportunities for confusion. *Admittedly the respondent intends to placard its members' cars with emblems bearing the words "American Auto Club."* It is natural, foreseeable and inevitable that an unpredictable number of persons, seeing these emblemized vehicles, will assume that their owners belong to a club which, to say the very least, is affiliated with these appellants; that an unpredictable number of persons having claims against such persons will assume that they are dealing directly with these appellants *or with a club affiliated with them* and will attribute to these appellants whatever treatment they receive from respondent. It is apparent that there will be no interven-

tion of so-called experts between appellants and the public at these important points of contact. *Does it not follow that, to some immeasurable extent, appellants' reputation will be placed beyond their control and at the mercy of others?* Furthermore, the "expert" argument is based upon the naive assumption that the intervening experts, including those appealed to by mistake, will in all instances prove to be ethical and disinterested persons who would not capitalize upon another's error to their own profit. The argument assumes that even respondent, receiving telephone calls intended for appellants or mistakenly misdirected mail, will take pains to correct the error. This is an assumption which the appellants cannot make and, we respectfully submit, should not be required to make.

Appellants would like to know upon what basis respondent can argue that these so-called experts, involved only in the sale of policies, can intervene between appellants and those members of the public who, with their own eyes, see respondent's placarded cars upon the streets.

For the reasons stated the facts of this case would distinguish it from those of any decisions, if there were such, holding that the intervention of experts between petitioner and the public would be a basis for the denial of equitable relief, such intervention not being complete.

However, there is no such authority. Commencing on page 16 of its brief respondent sets forth what it contends to be authority for this proposition. It will be found upon reference that the statements relied on are dicta and, in every instance, concerned with very different facts. Respondent quotes first from *Nims on Unfair Competition and Trademarks* (p. 16), in which the author states that

"Banks, investment houses, insurance companies and similar concerns usually have a clientele so ex-

perienced and discriminating that the probability of confusion is considerably reduced, and the names of such concerns are adequately distinguishable even though they are so similar that if a different type of business were involved, confusion would be inevitable.”

As discussed below the only insurance company concerned in any of the three cases cited by the author is a title insurance company in which the facts were *totally* different, no case involving a bank is cited, no case answering the description of “similar concerns” appear, and the remainder of the cases cited (two in number) concern a company selling mortgage bonds in which the courts state there was no possibility of confusion. The only case actually involving a bank which we have found is an old one but reaches a conclusion directly opposite to the text, allowing the injunction. (*Philadelphia Trust, Safe Deposit & Ins. Co. v. Philadelphia Trust Co.*, 123 Fed. 534.) The only appellate court decision we have found involving a casualty insurance company was also decided contrary to the text and is not cited. (*Aetna Casualty Co. v. Aetna Auto Finance Co.*, 123 F. 2d 582. No doubt because cited cases are not in point, respondent does not discuss them at all, stating merely that the author cites them in support of the quoted text (p. 17).

The first of these cases is *Fidelity Bond & Mortgage Co. v. Fidelity Mortgage Co.*, 12 F. 2d 582. In that case the defendant was incorporated and using its name six years before the plaintiff did. Each sold securities but they were of totally different kinds and the court pointed out that there was no chance for confusion. The court said (p. 584):

“There was no possible reason for the appellee mortgage company wanting to pass off its securities for appellants. On the other hand, it was concerned to bring out that they were not, and that by comparing its securities with appellant’s.” [*sic.*]

Further the court stated (p. 585):

“It is not open, therefore, to claim that there was any liability of confusion on the part even of ‘ordinary and unwary’ purchasers, much less of purchasers of the character of those who invest in securities, in thinking that they were purchasing appellant’s securities, when in fact they were purchasing those of the appellee mortgage company.”

Further the court stated (p. 586):

“The features which distinguish them from appellant’s securities are so patent that anyone who has sense enough to buy an investment security cannot fail to distinguish between them. There is not the slightest danger of his being misled.”

These are the only references in the entire decision which in any way support the text and it is obvious that these comments have no bearing upon the case at bar.

The second decision cited is *Fidelity Bond & Mortgage Co. v. Fidelity Bond & Mortgage Co. of Texas*, 37 F. 2d 99. The opinion of the Circuit Court is very short and reference is made to the opinion of the trial judge in 33 F. 2d 580 for most of the facts. The trial judge pointed out a serious question whether plaintiff, a Missouri concern, had done any business in Texas, where the defendant operated, although bonds had been sold to thirteen people there. He also commented upon the fact that plaintiff, if doing business in Texas, had apparently perhaps been doing it without authority. The trial judge made no

reference to the sophistication of the plaintiff's clientele but the Circuit Court said:

“People buying mortgage bonds are not apt to rely entirely upon the reputation of the broker offering them, as they would in the case of a manufacturer or dealer offering merchandise. Furthermore, it hardly is possible that both concerns will offer the same issue of bonds at the same time. The possibility of deception of the public or injury to appellant by the similarity of names is very remote.”

It is clear that the facts bear no analogy to one in which the newcomer intends to placard with a similar name an unknown number of vehicles upon the public streets.

The third and last decision cited in alleged support of the text is *Lawyers Insurance Co. v. Lawyers Title Insurance Corporation*, 109 F. 2d 35. In that case the plaintiff, *organized*, but not operating under the very similar name, had amalgamated *completely* with two other companies of different names and had become known to the public only as “The District Title Company,” “District Title Insurance Co.,” “District Title Companies,” “District Title Insurance Companies” (none of which were in any way similar) and the court found that the

“plaintiff is not referred to in business circles as ‘The Lawyers Title Insurance Company’ and that there is no evidence that plaintiff ever acquired a reputation under that name alone” (p. 37).

Some of the evidence is quoted below. While further comment is superfluous, there were additional completely distinguishing facts and an express recognition of the rule which these appellants seek to invoke for their protection. The defendant had been doing business in Virginia for a number of years before moving to Washington, D. C.,

where plaintiff operated, and upon opening its office in the latter city took steps in the form of its letterheads, the lettering upon its doors, the answering of the telephone and in all possible ways to distinguish itself from the plaintiff even though the plaintiff was not known by any name resembling defendant's. (P. 37.) The rule applicable in the case at bar is expressly recognized. At page 40 the court says:

“Further, under ordinary circumstances, a corporation acquires rights in its name which are to some extent exclusive. A prior incorporator may enjoin a later one from assuming an identical or confusingly similar name.”

Further, at page 43, the court says:

“Had plaintiff, therefore, built and maintained its good will exclusively or distinctively about its present corporate name, authority would support the existence of the asserted presumptions and entitle it to relief, despite the hardship on defendant and its freedom, subjectively, from deceptive intention. But plaintiff has not done so. For purposes of trade, as distinguished from internal functions, principally distribution of earnings, it has submerged its identity, its good will and the distinctiveness of its corporate name in those of the combination in which, since 1922, it has lived, moved and had its being.”

Only after these observations does the court make the comment allegedly supporting the passage from the textbook. It is at page 45, as follows:

“The probability of confusion is reduced further by the experience and discriminating character of the clientele to which defendant and the plaintiff's combination appeal, and by the care defendant has taken

to add distinguishing matter to its name in publicity and solicitation.”

No other authority is cited by the text author.

Next respondent cites *Standard Accident Ins. Co. v. Standard Surety & Casualty Co.*, 53 F. 2d 119. This case is discussed in Respondent's Opening Brief, pages 38-39. This is a decision of a trial judge in the District Court of the Southern District of New York. It was not appealed and there does not appear to have been any ground upon which an appeal could be taken. The only word in common in the two names was the single word “standard.” The defendant had been doing business for nine years before the suit was commenced. The judge stated that ninety-five percent of the public does not care with whom they carry casualty insurance and that the other five percent are insurance experts who will not be confused. There was no reference to any other phase of plaintiff's public relations than in the sale of its policies. There was no such potential injury as an intention by the defendant to placard its insured's cars with emblems bearing the plaintiff's nickname with “Club” appended. There was no basic similarity between the two names other than that provided by the use of the single word “standard,” one company being “Standard Accident Insurance Company” and the other “Standard Surety & Casualty Company.” As stated in *Aetna Casualty & Surety Company v. Aetna Auto Finance*, 123 F. 2d 582, the single word “Aetna” standing alone might not be relieved against but the combination of “Aetna Auto,” being a nickname completely suggestive of the plaintiff, would be and was protected.

Respondent cites no additional authorities except the two cases cited by the trial judge, *Selchow, etc. v. Western*,

etc., 47 Fed. Supp. 322, and *Steem Electric Corp. v. Herzfeld*, 118 F. 2d 122. They are not discussed by respondent undoubtedly for the reason that they are not in point. These decisions are discussed in respondent's opening brief, page 34 *et seq.* They hold merely that one who has no exclusive right to the name of a product, and who can have none because the name is either the true name of the article or is generally used, cannot prevent competition unless the product is associated by the public with the producer.

It is noteworthy that these two decisions are classified in Nim's text not on the point respondents seeks to make but where they belong—under "Trademarks." (*Steem Electric v. Herzfeld* under "Descriptive Words and Generic Names," page 546, and under "Use as a Part of a Trade-mark, a Name, or Symbol That Is in the Public Domain," pages 689, 690; *Selchow and Righter v. Western*, under Chapter XIV, "What May Be Appropriated as a Trade-mark," Sec. 208 "Foreign Words," p. 597.) Neither case is cited anywhere else and neither is cited in support of the proposition advanced by respondent and the trial court. Each is cited by the author only in his discussion of *trade-marks* and for the limited purpose stated above.

Cases may be imagined in which the intervention of experts between petitioner and the public might be so complete, and the opportunity to capitalize upon error so limited, that respondent's argument would be well taken. Certainly this is not such a case. Even in the field of sales appellant can have no assurance that telephone calls or mail misdirected to respondent will be redirected. As to respondent's intention of acquiring notoriety through the placarding of its members' cars, respondent's argument is, of course, baseless.

The test is not what would be believed by experts, at least where their intervention is incomplete, but by “the *ordinary unsuspecting person.*” These words are italicized by this Court in *Lane, Bryant, Inc. v. Maternity Lane etc.*, 173 F. 2d 559, 564, quoting from *Academy etc. v. Benson*, 15 Cal. 2d 685.

II.

Respondent Intends to Compete With Appellant.

Respondent now claims that it does not intend to compete with appellants and denies its original sworn admissions that it intends to sell insurance. Please refer to appellants’ opening brief (pp. 29-33) for the evidence concerning respondent’s true intentions—to sell insurance either directly as originally admitted or indirectly as still admitted.

However, competition between petitioner and defendant is not necessary and its absence does not warrant a denial of relief. (Cases cited, App. Op. Br. pp. 29-30.) In *Aetna Casualty & Surety Co. v. Aetna Auto Finance, Inc.*, 123 F. 2d 582, the court said (emphasis added):

“Neither will it do for defendant to say that its purpose is not to take automobile insurance from plaintiff because it is not in that business but in the business of loaning. *It might not take any automobile insurance away and still not escape the charge of unfair competition.* But as a matter of fact its activities which always couple the giving of insurance with the giving of loans, will necessarily take some business away from plaintiff.” (P. 584.)

(It will be noted that the above decision is by the same court that had earlier decided the case of *Fidelity Bond & Mortgage Co. v. Fidelity Bond & Mortgage Co. of*

Texas, 37 F. 2d 99, decided on different facts and being one of the three cases cited by respondent from the Nims text.)

See also, *Academy etc. v. Benson*, 15 Cal. 2d 685, 691-2: “. . . it does not appear necessary that the parties be in competitive business . . .”

III.

In the Field of Insurance the Words “American Auto” Connote These Appellants Exclusively and Respondent, If Permitted to Operate Under That Name, Will Surely Invite Confusion.

Respondent admits (p. 12) that geographic or generic words may obtain a secondary meaning which forms the basis of an action for injunction. It is an undisputed fact that *in the fields of automobile service and insurance* “American Auto” means appellants and no one else. (App. Op. Br. pp. 7-11.) Not only was this admitted by witnesses on both sides, and contradicted by none, but the printed list of insurance companies which are in evidence, state-wide and nation-wide, show that no other person, firm or corporation in any related field is so entitled. (The AAA is referred to hereinafter.) We have been unable to find in respondent’s brief any direct denial of this basic fact or any clear implication to the contrary. At pages 8 and 9 of its brief respondent speaks of the intervention of agents and brokers and states that appellants’ advertising direct to the public as by newspapers, has not been extensive, except in 1936, and that advertising to the public through brokers stopped in 1944. At pages 12-13 respondent argues that since 1944 appellants have sought to become known as “American Associated” and have done no advertising in connection with automobile insurance or otherwise under the name “Amer-

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ican Auto.” Further on page 13 respondent states that appellants have sought to establish that they have become known “*generally*” by the name American Auto, respondent citing page 34 of appellants’ opening brief. (Emphasis added.) This is an adroit distortion of appellants’ position and involves the basic fallacy implicit in respondent’s argument that the public “*generally*” must be familiar with a petitioner’s product or service before it can be protected. The word “*generally*” is inserted by respondent to provide a vulnerable target. As a reference to that portion of appellants’ opening brief cited by respondent will show, instead of attempting as quoted by respondent to show that they were “*generally*” known as American Auto, appellants stated that the trial court *mistakenly “thought”* that the public, *in general*, must be substantially affected before relief will be granted.” (App. Op. Br. p. 34.) Lastly, on this subject, respondent refers to the American Automobile Association and to telephone calls received by appellants intended for the former, contending that “this group of people does *not* identify appellants by the name ‘American Auto’ for they call appellants in the belief that appellants are someone else.” This is another revelation of the core of respondent’s argument, that the public in general must know petitioner before relief can be granted, respondent assuming here that the mere existence of persons who do *not* know appellants and who therefore call appellants while attempting to reach someone else is destructive of a secondary meaning! The whole fallacy is epitomized in the conclusion of respondent’s brief (pp. 21-22) wherein this illuminating statement is made: “It (the evidence) show that the public does not know appellants as ‘American Auto’ and that at least four or five of them each day call appellants under the belief that ‘American Auto’ means American Automobile

Association.” (Obviously such evidence was introduced to show that the public is confused by similar names in the same or apparently related fields.) No other comment is to be found in respondent’s brief on the basic subject of whether the words “American Auto” have acquired a secondary meaning. Respondent’s argument, on this basic point, is merely that (1) no secondary meaning has attached because the public “*in general*” does not know appellants as “American Auto” and (2) that appellants have ceased to use or be interested in that name.

With reference to the first contention it is perfectly true that the public in general does not know appellants as “American Auto” but it is also true that the public “in general” does not know appellants *or any other casualty insurance company* by any name. According to this argument only the notorious could find protection in equity and no casualty company, because of the very nature of its business, could do so. According to this argument all such insurance companies may as well operate under the same name, being designated merely by numbers, because they cannot be “generally” known in any event and, because of the alleged intervention of “experts.”

As to the second contention, that appellants have either abandoned, or ceased to use, or ceased to be interested in the name “American Auto,” we submit that the evidence uncontradictedly establishes the diametrical opposite. We state respondent’s contention alternatively above because there is an evident play on words in respondent’s argument. At page 12 respondent states that it does not agree with appellants’ statement that the name has not been abandoned but that it is immaterial anyway and that the Court made no finding of an abandonment. Respondent then proceeds with an attempt to develop the point either that appellants have abandoned the name or ceased to be

interested in it. Thus, immediately following the disclaimer, respondent states that the evidence shows

“that since 1944 appellants have sought to become known as ‘American Associated Insurance Companies’ and ‘American Associated’ and have done no advertising in connection with automobile insurance or otherwise under the name American Auto.” (Pp. 12-13.)

All of the evidence on this subject was developed from or given by appellants’ vice president who also testified that the cessation of advertising was a temporary matter attributable to the fact that automobile liability insurance had become temporarily unprofitable, the witness stating, “*we will undoubtedly try to develop it in the future when the proper time arrives.*” [Tr. 153.] There is not the slightest support for the argument of abandonment, by whatever name respondent chooses to call it, nor for that portion of Finding VI, appearing on page 23 of the Transcript. It is true that since the acquisition of the Associated Indemnity Company appellants have wanted the name “American Associated” to be known but it is equally obvious that they also want the name “American Auto” and “American Automobile” to be known. For that reason, and plainly for that reason only, appellants choose the bold black type and the box form of listing in the classified directories as “American Auto” rather than “American Associated.” Is it not clear that a company which is a member of a group may wish to preserve its identity as well as to publicize the group? Obviously this is not a case comparable to *Lawyers Insurance Co. v. Lawyers Title Insurance Corporation*, cited by respondent, in which the petitioner had “submerged its identity, its good will and the distinctiveness of its corporate name in those of the combination in which, since 1922, it (had) lived,

moved and had its being.” In the very locality in question, Los Angeles, appellants were continually listed in bold black type and in box advertising in the classified directory, before any thought of this proceeding could have been entertained, as “American Auto.” All of the telephone directories in evidence, and all references to others, show that everywhere appellants are listed as “American Auto” or “American Automobile” as well as having the group “American Associated,” also listed. Is it not inconsistent and anomalous for respondent, proposing to commence operations in Los Angeles as “American Auto Club” to contend that appellants have abandoned the name when a reference to this most primary source of information proves the contrary by revealing an aggressive use of that name?

At page 10 respondent states, concerning telephone directories, that “In each instance appellant’s name follows the listing American-Associated Ins. Co.” Since telephone directories are uniformly alphabetical it is inevitable that American Auto should follow American Associated.

We respectfully submit that it is obvious and conclusive to the point of making argument to the contrary idle that appellants have never manifested any intention, objectively or subjectively, to submerge their identity in that of the group; instead it is clear that the intention is to have known both the group and appellants individually.

In this connection it is a fair question why appellants should pay for box advertising in classified telephone directories if *all of its contacts* with the public are through the expert class of brokers and agents.

Attention is respectfully directed to appellants’ opening brief (pp. 22-28) where the evidence on this subject is considered in detail with supporting references to the transcript and with a citation of authority.

IV.

The American Automobile Association.

The only other person, firm or corporation which it has been possible to find in the United States using either the words "American Auto" or the words "American Automobile" in the automobile service field is the American Automobile Association which is never referred to as "American Auto" but as the AAA or the Triple A, or Three A's. (App. Op. Br. p. 33.) Of this respondent states (p. 14):

"Although American Automobile Association is a 'motor club,' as is appellee, there is no evidence that appellants, in spite of the identity of names, ever took any action to cause it to change its name."

The foregoing comment is a distortion of the evidence. It was the testimony of all of the witnesses, including one called by respondent, that the American Automobile Association has no direct contact with the public in any manner whatsoever, that it is a parent automobile club whose affiliated members, with which the public has contact, operate under different names, the member club in Southern California being the Automobile Club of Southern California, and that it is never known as "American Auto" or "American Automobile." (For transcript references please see page 33 of appellants' opening brief.) Furthermore, were the facts otherwise so as to provide a basis for respondent's argument, the fact that others infringe upon a petitioner's name is no defense. (*Del Monte etc. v. California Packing Corp.*, 34 F. 2d 774, 777.)

Respondent states (p. 2) that there are sixty-five insurers having the word "American" as the first word in their names, more than fifty having the word "National,"

more than twelve having "United States," more than ten having "Southern" or "Central" or "Western," more than ten having "Associated" or "Farmers" or "General." Appellants' claim is not based upon a contention that the word "American" signifies them. As stated in *Aetna Casualty, etc. v. Aetna Auto Finance*, 123 F. 2d 582, at p. 584, there would be many cases in which the single word "Aetna," standing alone, would not be relieved against whereas the combination of "Aetna Auto," being completely suggestive of the petitioner *even though only a nickname*, would be.

V.

Respondent Cites No Authorities and Does Not Distinguish Those Cited by Appellants.

It is of great significance and not mere oversight that respondent cites no authorities supporting the judgment. Counsel for neither party has found such authority. Cases involving comparably similar names seem uniformly to have been decided in favor of injunction. Respondent only attempts to support the so-called "expert" theory, and that by dicta in inapplicable decisions. The numerous comparable authorities cited by appellants are ignored except for one brief and mistaken comment upon the *Aetna* and *Benson* cases at page 21.

Respondent makes one brief reference to the *Aetna* case, stating that it was not decided upon the similarity of names but on the ground that the defendant was deliberately seeking to misleading the public. But such intent is not necessary: *Lane Bryant, Inc. v. Maternity Lane*, 173 F. 2d 559, 564; *Chemical Co. v. Dobkin*, 68 Fed. Supp. 601, 613 (6); *American Products Co., a Delaware Corporation v. American Products Co., a Michigan*

Corporation, 42 F. 2d 488. See also *dictum* in *Lawyers Title Ins. Co. v. Lawyers, etc.*, 109 F. 2d 35 and *supra*: “. . . despite the hardship on defendant and its freedom, subjectively, from deceptive intention.” (p. 43.)

The first of the cited cases is a decision of this Court, in which it is said: “It does not appear that an evil intent is necessary to relief.” (P. 564.)

Since respondent cites and attempts to dispose of *Academy v. Benson*, 15 Cal. 2d 685 on the same mistaken premise that a wrongful intent is necessary (Resp. Br. p. 21), attention is called to the contrary comments of this Court on the case (and on this point) following the above quotation.

Respondent makes no other comment upon any of the decisions cited by appellants.

Conclusion.

We respectfully and earnestly submit that if possible confusion is reasonably foreseeable a court of equity should intervene to prevent it *when one of the parties is a newcomer which has not yet commenced operations*; that the rule is and should be one of “safety first,” and that prophylaxis is better than a later attempt to cure. It is prayed that the judgment be reversed with directions to grant the injunction.

Respectfully submitted,

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